



KGATELOPELE LOCAL MUNICIPALITY

INDIGENT SUBSIDY POLICY

2018/2019

P R E A M B L E

Whereas section 96 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) requires a municipality to adopt, maintain and implement a credit control, debt collection and customer care policy;

And whereas section 97 of the Systems Act prescribes that such policy must provide for “provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents.”

Now therefore the Municipal Council of the Municipality of Kgatelopele adopts the Indigent Policy as set out in this document:-

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1 DEFINITIONS

For the purpose of this policy, unless the context indicates otherwise, any word or expression to which a meaning has been attached in the Act shall bear the same meaning and means:-

“authorised representative”	The person or instance legally appointed by the Council to act or to fulfil a duty on its behalf.
“basic service”	The amount or level of any municipal service that is necessary to ensure human dignity and a reasonable quality of life and which, if not provided, could endanger public health or safety of the environment and for the purposes of this Policy are restricted to electricity, refuse, sewerage and water services. It is also to be understood that the national norms will be used as guidelines for the determination of the amount/level of the services.
“Chief Financial Officer”	An officer of the Municipality appointed as the Head of the Finance Department and includes any person:- a. acting in such position; and b. to whom the Chief Financial Officer has delegated a power, function or duty in respective of such a delegated power, function or duty.
“Council” or “municipal council”	A municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of Kgatelopele Local Municipality.
“customer”	Any occupier of any property to which the Municipality has agreed to supply services or already supplies services to, or if there is no occupier, then the owner of the property (including registered indigent household).
“defaulter”	A person who owes money to in respect of a municipal account after the due date for payment has expired.
“Household”	This includes all persons who are jointly living on a stand or site on a permanent basis and who receive water and/or electricity from one meter.
“Indigent”	This is a household which qualifies in terms of clause 8.
“Poor households”	This is a household which qualifies in terms of clause 8.
“interest”	A levy with the same legal priority as service fees and calculated on all amounts in arrears in respect of assessment rates and service levies at a standard rate as approved by Council.

<i>“municipal account” or “billing”</i>	The proper and formal notification by means of a statement of account, to persons liable for monies levied and indicating the net accumulated balance of the account, specifying charges levied by the Municipality, or any authorised and contracted service provider, in the format of, but not limited to.
<i>“Municipality”</i>	The institution that is responsible for the collection of funds and the provision of services to the customers of Kgatelopele.
<i>“the Act”</i>	The Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended from time to time.

2. INTRODUCTION

The municipality needs to commit to supporting measures that assist and empower its community. The duty of the municipality is to support and ensure that citizens can access their constitutional right to have access to basic level of services. Through the adoption of indigent support policy, a municipality can increase the quality of life of the beneficiaries at large by assisting poor households to exist from indigence.

As the South African Constitution determines, Kgatelopele Municipality is committed to ensure the provision of services to the community in a sustainable manner and improve the quality of lives. The provision of basic services to community in a sustainable manner within the financial and administrative capacity of the Council to have a financial sustainability of free basic services through the determination of appropriate tariffs that contribute through cross subsidization.

3. OBJECTIVES OF POLICY

The objectives of this Policy are to:-

- a. provide a framework within which the Municipality can exercise its executive and legislative authority regarding the implementation of financial aid to indigent and poor households in respect of their municipal account, including socio-economic analysis and an exit strategy together with co-operative governance with other spheres of government.
- b. To enhance the institutional and financial capacity of the municipality to implement the policy.
- c. determine the criteria for qualification of indigent and poor households;
- d. ensure that the criteria is applied correctly and fairly to all applicants;
- e. allow the Municipality to conduct in loco visits to the premises of applicants to verify the actual status of the household;

- f. allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies.

4. WHAT IS FREE BASIC SERVICES

Free Basic Services refers to a basket of free services that are linked to an indigent policy which targets the poor in every municipality. The basket of services includes water, electricity, refuse removal and sanitation. These services are capped and provided to people who qualify, based on pre-determined criteria, as stipulated in the municipal indigent policy.

5. THE LEGISLATIVE FRAMEWORK

- The Constitution of the RSA, 1996
- The Municipal Systems Act, 2000 (Act 32 of 2000)
- The Municipal Finance Management Act, 2003, (Act 53 of 2003)
- The Promotion of Access to Information Act, 2000 (Act 2 of 2000)
- The Property Rates Act, 2004 (Act 6 of 2004)

6. SUBSIDY FOR INDIGENT HOUSEHOLDS

- a) A basic level of services will be provided to qualifying households with a total gross income level which is below a determined amount, and according to further specified criteria, as determined by the Municipality from time to time.
- b) Indigence subsidies will be funded from the equitable share contribution made by National Treasury and as provided for in the municipal budget. The subsidy can only be credited to the qualifying customers' accounts until the amount received by the Municipality from National Treasury and provided for in the municipal budget for this purpose, has been exhausted, whereupon no further credits will be made until further national funds for this purpose are received or additional funds has been provided for in the municipal budget.
- c) Subsidised services are refuse removal, sewerage and consumption service charges.
- d) Customers who qualify for an indigent subsidy must convert to pre-payment electricity meter.

- e) If a customer's consumption or use of the municipal service is less than the subsidised amount of the service, the subsidy will be limited to the lesser amount. The unused portion, if any, may not be accrued by the customer and will not entitle the customer to cash or a rebate in respect of the unused portion.
- f) If a customer's consumption or use of a municipal service is more than the subsidised service, the customer will be obliged to pay for such excess consumption at the applicable rates.
- g) All customers who qualify for an indigent subsidy will be placed on restricted service levels to limit further escalation of debt.
- h) Where applicable, these customers may be exonerated from a portion of their arrear debt.
- i) An indigent customer must immediately request de-registration by the Municipality or its authorised agent if his/her circumstances have changed to the extent that he/she no longer meet the criteria.
- j) An indigent customer may at any time request de-registration.
- k) A list of indigent customers will be maintained and may be made available to the general public, subject to the Information Act.
- l) The applicant may not be the registered owner of more than one property.

7. PRINCIPLES OF POLICY

- a. The administrative integrity of the Municipality must be maintained at all costs. The democratically elected councillors are responsible for making of policy, while it is the responsibility of the Municipal Manager to ensure the execution of this policy;
- b. Applicants must complete an official application form, which is to be submitted together with the supporting documents as specified in this policy, when applicable;
- c. Application forms, agreements and documents relating to this Policy must be available in Afrikaans and English. Officials designated to control and manage these documents must be able to explain the contents thereof in the three languages of the Northern Cape;
- d. The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.

8. CRITERIA OF SUBSIDY

- a. Households with a total gross monthly income of all occupants over 18 years does not exceed two times the social pensionable amount each financial year as determined by the Minister of Finance. An allowance of R 500.00 more than the two times the sociable pensionable amount will be granted.

- b. Or such other amount as council may from time to time determine, will qualify for a subsidy for basic municipal services, namely, water, electricity, refuse removal and sanitation.
- c. Permanently resides in Kgatelopele area.
- d. Must be South African residents;
- e. The applicant may not be the registered owner of more than one property, or rent a property whether in or out of the municipal area;
- f. The applicant must be a full-time occupant of the property concerned;
- g. In case of sectional title properties (flats or units), the property owner must submit legal proof of title deed from the deeds office and a letter from the attorney;
- h. A property may only be used for residential purposes;
- i. Owners of vacant stand may not apply for indigence;
- j. The total gross income of all occupants of the property will be considered to determine if the household qualifies as an indigent household, since all occupants benefit from the municipal services; and
- k. Grants which will be excluded in determining the household income is:
 - Foster child grant
 - Care dependency grant
 - Child support grant
- l. **When applying for indigence, the applicant will also at the same time enter into a payment arrangement of the total arrear outstanding debt and will have to honor the arrangement monthly. If a payment arrangement is not honored, the indigence will be terminated with immediate effect.**

If any of the above criteria is not complied with, the household will immediately be given notice and will, within 4 months, lose the status of "indigent" and the subsidy will be forfeited if the household did not adjust its consumption accordingly.

SUBSIDY

- i. 100% of the basic levy for electricity per month;
- ii. 100% of the basic levy for water per month;
- iii. 100% of the basic levy for sewerage per month;
- iv. 100% of the basic levy for refuse removal per month;
- v. 50 kWh of electricity per month;
- vi. 6 k/ of water per month.

9. APPLICATION

- a. Applications for indigent subsidy must be submitted on the prescribed application form and must be accompanied by the following documentation: -
 - i. the latest municipal account of the household;
 - ii. proof of the account holder's identity;
 - iii. proof of ownership;
 - iv. proof of the account holder's income, e.g. a letter from his/her employer, salary slip/envelope, pension card, unemployment insurance fund (UIF) card.;
 - v. proof of income of all occupants above the age of 18 years in the household or affidavit in not employed;
 - vi. proof of medical condition when requiring additional water and electricity; and
 - vii. proof of dependant's identity document.
- b. The property owner or accountholder must personally complete and sign the application form and furnish the documentation in 9(a) above.
- c. The municipal manager or delegated official will aid persons who cannot read or write, at such times and places as are specified in the notices published to indicate that the registration programme is to take place. Registration will take place on dates, time and places determined by council, but shall generally be undertaken from April to May each financial year to ensure accuracy of the indigent database.
- c. Incomplete forms or forms without the required documentation attached thereto will be rejected.

10. APPROVAL

- a. The Mayor must appoint in writing an indigent committee consisting of the ward councilor, maximum of two ward committee members and two officials responsible for indigent registration.
- b. The indigent committee will meet once a month and collectively verify and approve the new indigent applications.
- c. The appointed officials responsible for registration of indigents are to compile a report on all new indigent applications received before the 15th of every month.
- d. The report to be verified by the Accountant: Income.
- e. The report should be tabled before the indigent committee where approvals or rejections will be affected.
- f. If the indigent application is approved, will become effective at the beginning of the following month after the meeting by the indigent committee.

11. APPEAL AGAINST DECISION

An indigent household application, which has been declined, may appeal against such decision. The appeal must be done in writing and submitted to the office of the Chief Financial Officer. After the appeal has been investigated, the decision will be final.

12. SWORN AFFADAVIT

The applicant must complete the sworn statement that forms part of the application form. Failure to do so will render the application invalid.

13. CONVERSION OF METERS

The applicant must agree to the conversion to pre-payment electricity meter and flow limiter water meter. Refer clause 6(d) of Policy.

14. PUBLICATION OF NAMES

The applicant must grant permission for the Municipality to publish his/her name and address on a list of account holders receiving subsidies in terms of this Policy. Refer clause 6(k) of Policy.

15. FALSE AND MISLEADING INFORMATION

A person who provides false information will be disqualified and be refused further participation in the subsidy scheme. In addition, he/she may be held liable for the immediate repayment of any subsidies already granted and legal action may be instituted against the guilty party (ies).

16. OFFENCES

Any indigent household who:

- a. Obstruct or hinders the Council in the exercise of its powers or performance of functions or duties under this policy;
- b. Uses or interferes with Council's equipment or consumption of services supplied;

- c. Tamper or breaks any seal on any meter installed, or with the water restrictor system installed or any equipment belonging to the Council, or for any reason as determined by the Chief Financial Officer causes interference with the services provision and the services and the service used;
- d. Furnishes misleading information knowing it is to be false or misleading;
- e. Contravenes or fails to comply with a provision of this policy;

will be guilty of an offence and be liable upon conviction to action as approved by Council on tariffs and in line with the Credit Control Policy or as may be determined by resolution of the Council from time to time.

17. CALCULATION OF SUBSIDY

- a. The subsidies will be funded from the “equitable share” contribution received from National Treasury, plus an amount from the Municipality’s own income as budgeted for in the financial year in question. The subsidies will only be granted to qualifying households to the extent that the above mentioned funds are available for allocation.
- b. The accounts of qualifying applicants are credited monthly by the subsidies calculated in clause 8 of policy.

18. VERIFICATION

- a. The Municipality reserves the right to send officials and/or representatives of the Municipality to the household or site of the applicant(s) at any reasonable time with the aim of carrying out an ongoing audit on the accuracy of the information provided by the applicant(s).
- b. Bi-annual verification to be done by ward committee members.

19. DURATION OF THE POLICY

- a. If an application is approved, the subsidy will be applicable up until the equitable share contribution made from the National Governments’ fiscus and as provided for in the municipal budget is depleted.
- b. If the Municipality obtains information that indicates that the circumstances of the applicant have changed to such an extent that he/she no longer qualifies for the subsidy, the Municipality reserves the right to shorten the subsidy period.

- c. If any of the criteria, as set out in clause 8 is not complied with any more, the onus is on the recipient of the subsidy to notify the Municipality within 7 days after such criteria is no longer complied with. If a recipient cannot write, a designated official must be informed in person.
- a. if any of the above criteria is not complied with, the household will immediately be given notice and will lose its Indigent status and the subsidy will be forfeited if the consumption is not adjusted accordingly within 3 (three months).

20. ACCOUNTS IN ARREARS

Refer to 8(l) above of this policy.

21. REGISTER

- a. The Municipality will compile a register of households that qualify as “indigent”.
- b. The register will be updated continually and reconciled with the relevant subsidy account in the general ledger monthly.

22. ENCOURAGEMENT

Councillors should encourage tax payers/customers in their various wards to apply for participation in the indigent subsidy scheme if they meet the criteria as set out in clause 8 of the policy.

23. COMMUNICATION CHANNELS

The Municipality will review a communication strategy in terms of which communities will be informed and educated to have a clear understanding of this policy and the implementation thereof.

The methods of communication may include:

- Political offices
- Ward committee members
- Traditional leaders where applicable
- Community based organisations

- Local radio stations and newspapers
- Municipal accounts
- Imbizo and road shows

24. REVIEW AND IMPLEMENTATION PROCESS

This policy will come into effect on 1 July 2018;

This policy will be reviewed at least annually or when required by way of a Council resolution.

POLICY SECTION:	REVENUE
CURRENT UPDATE:	29 May 2018
PREVIOUS REVIEW:	11 May 2017
APPROVAL BY COUNCIL:	